

ILLINOIS HIGH-COST RECAP

What loans are subject to rule:

A consumer-purpose loan to an individual or a trust, secured by the consumer's principal dwelling.

Cook County and the City of Chicago both have additional restrictions and high-cost parameters, which are not included in our testing. Please make sure to check with the city, county, and/or local title company for details.

Fees included:

Illinois includes the APR fees payable to a creditor, mortgage broker, and/or its affiliates in the fee test.

All liens:

The loan is a high-cost transaction if points and fees exceed 5% of the total loan amount for a loan amount of \$24,866 or more, or the lesser of 8% of the total loan amount or \$1,243 for a loan amount less than \$24,866.

APR threshold test:

The loan is a high-cost transaction if the APR exceeds the following:

First lien: APR is more than 6% over APOR as of the date on which the interest rate for the transaction is set.

Subordinate lien: APR is more than 8% over APOR as of the date on which the interest rate for the transaction is set.

Prepayment Penalty test:

Illinois also has a test for prepayment penalties. If the prepayment penalty exceeds 2%, or applies to the loan after 36 months, the loan will be considered a state high-cost transaction.

Additional limitations:

- No financed points and fees
- No financed single premium insurance
- No advance payments
- No negative amortization
- No balloon payment

- No late fees greater than 4% or less than 15 days
- No prepayment penalty
- No call provisions
- Modification and deferral fees are prohibited
- Loan amount may not exceed 100% LTV
- Creditor must take ability to repay into account when underwriting loan
- Counseling must be recommended to borrower before initiating foreclosure proceedings
- Borrower must be notified of right to cure default before lender initiates foreclosure proceedings
- Payments to Contractors prohibited under home improvement, unless payable to borrower or jointly (borrower and contractor); or with the borrower's consent, by a 3rd party escrow agent per agreement between borrower, lender and contractor
- No refinancing within 12 months unless the refinance provides a tangible net benefit to the borrower

Disclosures required:

A Notice to Borrower must be provided at least three business days prior to closing. This is Doc ID 6550 in the PPDocs, Inc. document library.

Underlying Regulation: [815 ILCS 137](#)

<https://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=2499&ChapterID=67>